

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Wolverine Joint Fire Board	County Cheboygan
Fiscal Year End March 31, 2007	Opinion Date September 25, 2007	Date Audit Report Submitted to State December 5, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

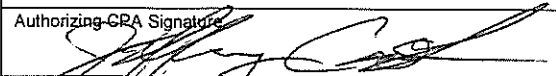
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Keskine Cook Miller & Alexander, LLP		Telephone Number 989-732-7515	
Street Address 100 West First Street		City Gaylord	State Mi
		Zip 49735	
Authorizing CPA Signature 		Printed Name Jeffrey Cook	License Number 1101011876

**WOLVERINE JOINT FIRE BOARD**

**ELLIS/MENTOR/NUNDA & WILMOT TOWNSHIPS  
CHEBOYGAN COUNTY, MICHIGAN**

**AUDITED FINANCIAL STATEMENTS**

**MARCH 31, 2007**

## **WOLVERINE JOINT FIRE BOARD**

CHAIRMAN	Tom Gary
VICE CHAIRMAN	Patricia Ogden
SECRETARY	Patty Croft
TREASURER	Kathy Mattson
MEMBER	Edward Wenta
MEMBER	Patricia Hutchison
MEMBER	Gloria Pierson
MEMBER	Dwayne Gagnon
MEMBER	John Moore

# WF D

**Wolverine Joint Fire Board**  
P O Box 362 ~ Wolverine MI 49799

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Wolverine Joint FireBoard annual financial report presents our discussion and analysis of the FireBoard's financial performance during the fiscal year ended March 31, 2007. Please read it in conjunction with the financial statements that immediately follow this section.

### **Financial Highlights**

Our financial status declined this year with total assets decreasing by \$11,310 to \$266,312 of which \$194,078 consists of capital assets, total liabilities decreasing by \$18,360 to \$39,673, of which \$20,551 is classified as non-current, and total net assets increasing by \$7,050 to \$226,639.

All new equipment from previous years has been put in service and all the firemen have new turnout gear. A new fire truck was ordered in November, and expected to arrive early Fiscal Year 2008.

Overall revenues were \$76,086 and overall expenses were \$69,036 in the statement of activities.

### **Overview of the Financial Statements**

This annual report consists of three parts; management discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the entity.

The first two statements are entity wide financial statements and provide both long and short-term information about our overall financial status. These statements present government activities.

The remaining statements are fund financial statements, which focus on detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

### **Entity Wide Statements**

The entity wide statements report information about the FireBoard as a whole, using accounting methods used by private companies. The statement of net assets includes

all the FireBoard's assets and liabilities. The state of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity wide statements report net assets and how they have changed. Net assets are the difference between the FireBoard's assets and liabilities and this is one method to measure the FireBoard's financial health or position.

Over time increases or decreases in the FireBoard's net assets are an indicator of whether financial position is improving or deteriorating.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the FireBoard's funds. Funds are established to account for funding and spending of specific financial resources and to show proper expenditure of those resources.

The entity has the following kind of funds:

Governmental Fund - All of the FireBoard's activities are included in one fire fund, classified in the governmental fund category. This fund is presented on the modified accrual basis, which is designed to show short-term financial information. You will note that differences between the entity wide statements and the fund statements are disclosed in the reconciling financial statements to explain the differences between them.

### **Financial Analysis of the Entity as a Whole**

Net Assets - the FireBoard's net assets increased during the year ended March 31, 2007 totaling \$226,639, \$154,405 invested in capital assets; leaving \$72,234 in unrestricted/unreserved net assets. The unrestricted/unreserved net assets will be used for debt service payments on the new fire truck and other operating expenses.

### **Financial Analysis of the FireBoard's Funds**

Amendments to our budget for the year ended March 31, 2007 were to cover the extra vehicle repair costs and deposit for new fire truck to arrive in FY 2008.

### **Capital Asset**

Our capital assets are the equipment that we received from the Village of Wolverine when the FireBoard was formed, various fire operating equipment, and a new fire truck purchased in the year ended March 31, 2004.

### **Known Factors affecting Future Operations**

We are looking into applying for a couple of grants that are available locally. In 2007 we applied for grants but were unsuccessful in receiving any.

### **Contacting Fire Board Management**

This financial report is designed to provide our taxpayers and creditors with a general overview of the FireBoard's finances and to demonstrate the FireBoard's accountability for the revenues it receives. If you have questions concerning this report, please contact any member of the FireBoard.

  
\_\_\_\_\_  
Patty Croft, Secretary

## TABLE OF CONTENTS

	<b><u>PAGE</u></b>
<b>Report Letter</b>	1
<b>Management's Discussion and Analysis</b>	i-iii
<b>Basic Financial Statements</b>	
Governmental Fund Balance Sheet – Statement of Net Assets	2
Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance – Statement of Activities	3
Notes to Financial Statements	4-9
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – Fire Fund	10



**Keskin, Cook, Miller & Alexander, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Walter J. Keskin, CPA  
Jeffrey B. Cook, CPA  
Richard W. Miller, CPA  
Ronald D. Alexander, CPA  
Curt A. Reppuhn, CPA

### **Independent Auditor's Report**

September 25, 2007

To the Wolverine Joint Fire Board  
Cheboygan, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the Wolverine Joint Fire Board, as of and for the year ended March 31, 2007, which collectively comprise the Fire Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, the major fund and aggregate non-major fund activity of the Wolverine Joint Fire Board as of March 31, 2007, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information on page 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Keskin, Cook, Miller & Alexander LLP*  
Keskin, Cook, Miller & Alexander, LLP



**WOLVERINE JOINT FIRE BOARD**  
**GOVERNMENTAL FUND BALANCE SHEET - STATEMENT OF NET ASSETS**  
**MARCH 31, 2007**

	<b>Balance Sheet - Modified Accrual</b>	<b>Adjustments</b>	<b>Statement of Net Assets - Full Accrual</b>
<b>Assets</b>			
Cash	\$ 29,399	\$ -	\$ 29,399
Investments	42,835	-	42,835
Capital assets, net	-	194,078	194,078
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 72,234	\$ 194,078	\$ 266,312
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>			
Accrued liabilities	-	430	430
Current portion of capital lease	-	19,122	19,122
General long-term debt	-	20,121	20,121
	<hr/>	<hr/>	<hr/>
Total Liabilities	\$ -	\$ 39,673	\$ 39,673
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Fund Balance</b>			
Unreserved and undesignated	72,234	(4,156)	226,639
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	72,234	(43,829)	266,312
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net Assets</b>			
Investment in capital assets, net of related debt	-	154,405	154,405
Unrestricted	-	72,234	72,234
	<hr/>	<hr/>	<hr/>
Total net assets	\$ -	\$ 226,639	\$ 226,639
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements

**WOLVERINE JOINT FIRE BOARD**  
**STATEMENT OF GOVERNMENTAL FUND REVENUE, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2007**

	Revenues and Expenditures - Modified Accrual	Adjustments	Statement of Activities Full Accrual
<b>REVENUES</b>			
Township Contributions:			
Ellis Township	12,691	-	12,691
Mentor Township	9,112	-	9,112
Nunda Township	33,581	-	33,581
Wilmot Township	17,944	-	17,944
Interest	2,758	-	2,758
	<hr/>	<hr/>	<hr/>
Total Revenues	76,086	-	76,086
<b>EXPENDITURES</b>			
Wages	500	-	500
Office Supplies	491	-	491
Cleaning Supplies	14	-	14
Extinguisher Refill	288	-	288
Air pack maint&refill	1,590	-	1,590
Building and Grounds Maintenance	1,010	-	1,010
Radio Pager Repair	207	-	207
Snow Removal	300	-	300
Vehicle Repairs	6,728	-	6,728
Professional Fees	1,200	-	1,200
Education and Training	2,977	-	2,977
Insurance	9,905	-	9,905
Utilities - Electric	682	-	682
Utilities - Heat	2,897	-	2,897
Internet	210	-	210
Telephone	1,184	-	1,184
Small equipment	1,129	-	1,129
Turnout gear	417	-	417
Septic pumping	225	-	225
Vehicle Fuel	882	-	882
Equipment	19,185	-	19,185
Truck Payment	21,171	(21,171)	-
Depreciation Expense	-	15,537	15,537
Interest Expense	-	1,478	1,478
	<hr/>	<hr/>	<hr/>
Total Expenditures	73,192	(4,156)	69,036
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	2,894	4,156	7,050
<b>Fund balance / Net Assets:</b>			
Beginning of year	\$ 69,340	\$ -	\$ 219,589
	<hr/>	<hr/>	<hr/>
End of year	72,234	(4,156)	226,639
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements

**WOLVERINE JOINT FIRE BOARD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007**

**NOTE A: ENTITY**

The Wolverine Joint Fire Board is a joint venture created November 9, 1999 by Ellis, Mentor, Nunda & Wilmot Townships, Cheboygan County, Michigan. On April 1, 2000 the Village of Wolverine donated various fire department assets to the Board. The Wolverine Joint Fire Board is organized under PA 7 of 1967 and PA 365 of 1982 of the Michigan Compiled Laws. The board was organized to better serve the citizens of the townships and the Village of Wolverine. An individual township may withdraw from the agreement with a 12-month prior notice. The agreement expires April 1, 2010 and may be renewed, revised or cancelled by a separate majority vote of the townships participating at that time.

The Department is under the control of a Board consisting of two members from each Township and a member residing in the Village of Wolverine. Each township appoints two Board members and an at large member is selected from the Village of Wolverine. The Board's duties are to oversee operations, maintain assets, and communicate with the Fire Chief and their respective municipal boards.

Funding for the Fire Board's operations is largely provided by an assessment to each township approximately equal to a 1 mill levy on the taxable value of the geographical area covered. The Joint Fire Board's boundaries include all of Wilmot and Nunda Townships and parts of Mentor & Ellis Townships.

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting framework and the more significant accounting principles and practices of the Wolverine Fire Board are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide including required disclosures, of the Fire Board's financial activities.

The accounting policies of the Wolverine Fire Board conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION**

***Government-Wide Financial Statements***

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Fire Board as a whole.

***Fund Financial Statements***

Fund financial statements are provided for the Fire Board's governmental fund. The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

**WOLVERINE JOINT FIRE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2007**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**FUND TYPE AND MAJOR FUND**

***Governmental Fund***

The Fire Board reports the following major governmental fund:

*Fire Fund* - This fund is used to account for all financial transactions of the Wolverine Joint Fire Board. The Fire Board's primary source of revenue is from Township assessments "earmarked" for fire protection. These assessments are received from all Townships in April of each year. Interest is earned on cash investments. Other revenues are from miscellaneous activities/sources.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The financial statements of the Fire Board are prepared in accordance with generally accepted accounting principles (GAAP). The Fire Board's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Fire Board's entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

**Government-Wide Financial Statements**

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

**Governmental Fund Financial Statements**

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Fire Board considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes and investment income. In general, other revenues are recognized when cash is received.

**WOLVERINE JOINT FIRE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2007**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BUDGET**

An annual budget is required of the Wolverine Joint Fire Board. The budget is open to the public for their consideration before final adoption. The Townships also individually review and approve the budget. Upon completion of the public hearing, The budget was adopted on a fund level using the modified accrual basis of accounting. The budget was amended as necessary throughout the year. Both the original and amended budgets are presented in these financial statements, as a part of required supplementary information. Budgets as adopted end on March 31<sup>st</sup> of each year. There are no carryover budget items.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**RESTRICTED RESOURCES**

When an expense is incurred for purposes for which both restricted and unrestricted net assets available, the Fire Board first uses restricted net assets to fund the expense and once depleted, uses unrestricted net assets to fund the remaining expense.

**CAPITAL ASSETS AND DEPRECIATION**

The Fire Board's property, plant, and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Fire Board has no infrastructure assets. Donated assets are stated at fair value on the date donated. The Fire Board generally capitalizes assets with a cost of \$1,000 or more as purchases occur, if:

1. the estimated life of the assets is extended by more than 25% or
2. the cost results in an increase in the capacity of the asset, or
3. the efficiency of the asset is increased by more than 10%, or
4. significantly changes the character of the asset, or
5. otherwise, the cost should be expensed as repair and maintenance.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

**WOLVERINE JOINT FIRE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2007**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CAPITAL ASSETS AND DEPRECIATION (CONTINUED)**

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	25 – 40
Land Improvements	10 – 20
Furniture, machinery, and equipment	5 – 10
Vehicles	5 – 10

Land and construction in progress are not depreciated.

**LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND  
DISCOUNTS/PREMIUMS**

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effect of interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**NOTE C: CUSTODY OF ASSETS**

All assets are under the control of the Joint Fire Board. If a township withdraws from the agreement it forfeits all acquired assets of the Joint Fire Board. If the Board is dissolved, its assets shall become the property of the Volunteer Fire Department. If the Volunteer Fire Department dissolves, the assets shall be liquidated and the proceeds divided among the participating Townships based on the average percent of contribution in the previous three years.

**NOTE D: CASH / INVESTMENTS**

Cash is maintained in a financial institution in the Wolverine, Michigan area and consists of an interest bearing checking and savings account.

The Fire board's investments at March 31, 2007 consist of certificates of deposit maintained in a local financial institution.

Cash / Investments are insured by the FDIC up to \$100,000. Cash in excess of FDIC limits is not insured or collateralized. At March 31, 2007, the Fire Board had deposits with a total bank balance of \$72,729 and a book balance of \$72,234. The entire bank balance was insured by the FDIC at March 31, 2007.

**WOLVERINE JOINT FIRE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2007**

**NOTE D: CASH / INVESTMENTS (CONTINUED)**

Statutory Authority

Act 217, PA 1982, authorizes the Department to deposit and invest in:

- (a) bonds and other direct obligations of the United States or its agencies
- (b) certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of Act 105, PA 1855, as amended
- (c) Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time
- (d) United States Government or Federal Agency obligation repurchase agreements
- (e) banker's acceptance of United States banks
- (f) Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan

The Board's cash and investments are in accordance with statutory authority.

**NOTE E: CAPITAL ASSETS**

The following table provides a summary of changes in capital assets:

Capital assets being  
depreciated:

Fire Equipment	\$ 74,280.00	\$ -	\$ -	\$ 74,280.00
Vehicles	<u>215,784.00</u>		<u>-</u>	<u>215,784.00</u>
Subtotal	290,064.00	-	-	290,064.00
Accumulated Depreciation	<u>80,449.00</u>	<u>15,537.00</u>	<u>-</u>	<u>95,986.00</u>
Net Assets Being Depreciated	<u>209,614.00</u>	<u>(15,537.00)</u>	<u>-</u>	<u>194,078.00</u>
Net Capital Assets	<u>\$ 209,614.00</u>	<u>\$ (15,537.00)</u>	<u>\$ -</u>	<u>\$ 194,078.00</u>

**WOLVERINE JOINT FIRE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2007**

**NOTE F: CAPITAL LEASE**

In 2002, The Fire Board acquired a pumper fire truck for \$174,500. The Fire Board paid an initial down payment of \$50,000 and financed the remaining \$124,500 through a capital lease agreement. The lease payments are due as follows:

<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$ 124,500	5.22%	1/15/08	19,122	2,049	21,171
		1/15/09	20,121	1,050	21,171
	Total		<u>\$ 39,243</u>	<u>\$ 3,099</u>	<u>\$ 42,342</u>

Accrued interest at March 31, 2007 totaled \$430.

**NOTE G: INSURANCE COVERAGES**

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Board pays annual premiums for the respective insurance coverage. There were no significant changes in coverage, nor were there any significant claims for the year.

**NOTE H: LEASE / CONTINGENCY**

The Board leases the fire hall from the Village of Wolverine. The lease requires normal maintenance of the facility and payment of all repairs and utilities. Annual cost of the lease is equal to the insurance cost of the building. With 180 days notice, either party may terminate the lease at any time. As of August 3, 2007, no invoice has been received from the Village of Wolverine and no expense has been recorded for the year ended March 31, 2007 or prior periods. Due to the absence of previous invoices, retroactive and future lease costs associated with this agreement are not determinable.



**WOLVERINE JOINT FIRE BOARD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2007**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
<b>REVENUES</b>				
Township Contributions:				
Ellis Township	\$ 12,691	\$ 12,691	\$ 12,691	\$ -
Mentor Township	9,112	9,112	9,112	-
Nunda Township	33,581	33,581	33,581	-
Wilmot Township	17,944	17,944	17,944	-
Interest	500	500	2,758	2,258
Total Revenues	73,828	73,828	76,086	2,258
<b>EXPENDITURES</b>				
Wages	500	500	500	-
Medical	300	-	-	-
Office Supplies	500	500	491	9
Cleaning Supplies	100	100	14	86
Fire Operating Supplies	2,800	1,900	1,878	22
MFR Expnese	1,731	1,731	-	1,731
Building and Grounds Maintenance	3,500	1,020	1,010	10
Radio Pager Repair	1,000	250	207	43
Snow Removal	400	400	300	100
Vehicle Repairs	2,000	6,727	6,728	(1)
Professional Fees	1,300	1,300	1,200	100
Education and Training	3,000	900	2,977	(2,077)
Insurance	10,000	10,000	9,905	95
Utilities	2,550	3,650	3,579	71
Internet	250	250	210	40
Telephone	600	1,200	1,184	16
Small Equipment	4,500	1,125	1,129	(4)
Turnout Gear	1,000	420	417	3
Dues and Subscriptions	150	-	-	-
Septic pumping	700	488	225	263
Vehicle Fuel	1,000	1,000	882	118
Equipment	14,767	19,187	19,185	2
Truck Payment	21,180	21,180	21,171	9
Total Expenditures	73,828	73,828	73,192	636
Excess (Deficiency) of Revenues over Expenditures	-	-	2,894	2,894
<b>OTHER FINANCING SOURCES</b>				
Excess (Deficiency) of Revenues and Other Sources over Expenditures	-	-	2,894	2,894
<b>Fund Balance - Beginning of Year</b>	69,340	69,340	69,340	-
<b>Fund Balance - End of Year</b>	\$ 69,340	\$ 69,340	\$ 72,234	\$ 2,894



**Keskin, Cook, Miller & Alexander, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Jeffrey B. Cook, CPA  
Richard W. Miller, CPA  
Ronald D. Alexander, CPA  
Curt A. Reppuhn, CPA  

---

Terry J. Distel, CPA (Ret.)  
Joseph G. Okrei, CPA (Ret.)  
Walter J. Keskin, CPA (Ret.)

September 25, 2007

Wolverine Joint Fire Board

Wolverine, Michigan

We have audited the financial statements of the Wolverine Joint Fire Board for the year ended March 31, 2007, and have issued our report thereon dated September 25, 2007. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Wolverine Joint Fire Board. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

**Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Wolverine Joint Fire Board are described in the notes to the financial statements.

We noted no transactions entered into by the Fire Board during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

**Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

### **Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. The following attached pages summarize the adjustments that were proposed to management and made to the audited financial statements.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Fire Board's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Difficulties Encountered in Performing the Audit**

The Wolverine Joint Fire Board's accounting records were well organized and we are happy to report that there were no difficulties in performing the audit.

### ***Comments and Recommendations***

In planning and performing our audit of the financial statements of the Wolverine Joint Fire Board, we noted no items requiring comment.

This information is intended solely for the information of the Wolverine Joint Fire Board's Board and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

  
Keskine, Cook, Miller & Alexander, LLP